



## ADMINISTRATIVE REPORT

Agenda Item K.5.

Meeting Date: 11/16/2020

**SUBJECT:** Approval of the Citizens' Stipend Setting Commission's Written Recommendation to the City Council Regarding the Recommended City Council Monthly Stipend to be \$400 and the Mayor's Monthly Stipend to be \$500

### REPORT IN BRIEF

Considers the approval of the Citizens' Stipend Setting Commission's written recommendation to increase the monthly stipend for the City Council and the Mayor.

### RECOMMENDATION

**City Council** - Adopt a motion:

A. Approving **Resolution 2020-86**, a Resolution of the City Council of the City of Merced, California, adopting the Citizens' Stipend Setting Commission's recommendation to increase the monthly stipend it deems appropriate for the City Council and the Mayor pursuant to section 402 of the City of Merced Charter; and,

B. Approving a Supplemental Appropriation from the unreserved, unencumbered General Fund balance in an amount not to exceed 13,870 to cover the cost of the City Council stipend from January through June 2021.

### ALTERNATIVES

1. Accept the Citizens' Stipend Setting Commission's written recommendation; or,
2. Continue to a future meeting for further discussion or,
3. Deny the item.

### AUTHORITY

City of Merced Charter, Section 402.

### DICUSSION

At the March 2020 Primary Election, citizens voted in favor of establishing a Citizens' Stipend Advisory Commission. The Citizen's Stipend Advisory Commission consist of seven (7) members to be appointed by the City Council from the qualified electors of the City. Six (6) members will be appointed by district and one (1) member will be appointed at large.

The Commission shall hold two (2) public hearings between March 1<sup>st</sup> and June 30<sup>th</sup> of every even-numbered year and shall recommend, by majority vote and in writing, to the Council the amount of

the monthly stipend which it deems appropriate for the members of the Council for the two (2) year period beginning January 1<sup>st</sup> of the next year. The amount recommended for each council member shall be the same. Due to the COVID-19 pandemic, all Boards and Commissions meetings and business were put on hold. At the August 3, 2020, August 17, 2020, and September 8, 2020 Council Meetings, Council appointed members to the Citizens' Stipend Setting Commission.

During the September 30, 2020 Citizens Stipend Setting Commission meeting, three concepts were discussed as a means by which to explore an appropriate stipend for those individuals seeking to serve the City of Merced as either Mayor or City Councilmembers.

The first concept was one that explored setting a monthly amount based on the average financial need to cover actual expenses incurred during service to the City. These expenses include, but are not limited to, supporting the community through fundraisers, hosting community events, corresponding and meeting with constituents, attending community events, attending meetings with regional partners, attending conferences and attending training.

The second concept was to align the stipend amount provided by State Government Code Section 36516(a) allowing for a monthly stipend amount to be enacted for elected officials based on the population of the City. According to Section 36516(a)(2)(d), City of Merced Mayor and City Councilmembers would be eligible for a \$600 per month stipend.

The third concept was providing for a phased approach that tiered the monthly stipend with a lower amount in the first year and a higher amount in the subsequent year.

In exploring each of these options, the range that was discovered fell between amounts of \$200 to \$600 per month. With this understanding, staff felt it best to provide the financial impact for each monthly amount in \$100 increments to demonstrate a wide variety of financial options for consideration. The below table provides for a detailed explanation of each stipend range.

| Monthly Amount | Elected Officials | Months | Annual Stipend Amount | Medicare | Social Security | Total Employer Taxes | Total Cost |
|----------------|-------------------|--------|-----------------------|----------|-----------------|----------------------|------------|
| \$200          | 7                 | 12     | \$16,800              | \$244    | \$1,042         | \$1,285              | \$18,085   |
| \$300          | 7                 | 12     | \$25,200              | \$365    | \$1,562         | \$1,928              | \$27,128   |
| \$400          | 7                 | 12     | \$33,600              | \$487    | \$2,083         | \$2,570              | \$36,170   |
| \$500          | 7                 | 12     | \$42,000              | \$609    | \$2,604         | \$3,213              | \$45,213   |
| \$600          | 7                 | 12     | \$50,400              | \$731    | \$3,125         | \$3,856              | \$54,256   |

As the Commission considers these amounts, additional information was provided to complement the three key concepts:

- Per the Charter, as amended, the stipend for the Mayor shall, at a minimum, be the same as

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the other councilmembers; however, the Stipend Setting Commission may recommend providing the Mayor with reasonable compensation beyond his or her stipend as a member of the City Council.

- The Mayor and City Councilmembers are entitled to be reimbursed for actual expenses incurred in the service of the City. Although, not historically applied, most of the expenses mentioned above could qualify for direct reimbursement, subject to the approval by the Finance Officer.
- After a closer review of the Charter, the Citizen's Stipend Setting Commission is required to recommend the amount of the monthly stipend for the two-year period beginning January 1st of the next year for City Councilmembers and for the entire term of the Mayor, which was changed to a four (4) year term. A reasonable interpretation of the Charter language would not permit a tiered approach.

Staff respectfully request that the Council formally accepts the Citizens' Stipend Setting Commission's recommendation to increase the City Council's monthly stipend to \$400 and the Mayor's monthly stipend to \$500.

### **IMPACT ON RESOURCES**

Six- month cost for the recommended stipend is \$18,731. There is current funding available in the budget of \$4,861, a supplemental appropriation from the unreserved, unencumbered General Fund Balance not to exceed \$13,870 is needed since this added amount was not included in the Fiscal Year 2020-21 adopted budget. The cost will be included in the budget process for future years.

### **ATTACHMENTS**

1. Citizens' Stipend Setting Commission's Written Recommendation
2. Resolution 2020-86

**RESOLUTION NO. 2020- 80**

**A RESOLUTION OF THE CITIZENS' STIPEND  
SETTING COMMISSION OF THE CITY OF  
MERCED, CALIFORNIA, PROVIDING A  
WRITTEN RECOMMENDATION TO THE CITY  
COUNCIL REGARDING THE RECOMMENDED  
MONTHLY STIPEND IT DEEMS APPROPRIATE  
FOR THE CITY COUNCIL AND THE MAYOR  
PURSUANT TO SECTION 402 OF THE CITY OF  
MERCED CHARTER**

WHEREAS, on March 3, 2020, Section 402 of the City of Merced Charter was amended by the voters to provide for a monthly stipend for the Mayor and City Council;

WHEREAS, Section 402, as amended, provides for the establishment of a Citizens' Stipend Setting Commission ("Commission") who shall recommend, by majority vote and in writing, the amount of the monthly stipend which it deems appropriate for the members of the City Council and the Mayor;

WHEREAS, due, in part, to the COVID-19 pandemic, the two (2) public hearings of the Commission that were to be held between March 1<sup>st</sup> and June 30<sup>th</sup> were delayed;

WHEREAS, the Commission ultimately held two (2) public hearings, one on September 30, 2020 and the other on October 22, 2020;

WHEREAS, on October 22, 2020, the Commission determined that the recommended monthly stipend it deemed appropriate for members of the City Council is four hundred dollars (\$400.00) per month for the two (2) year period beginning January 1, 2021; and,

WHEREAS, on October 22, 2020, the Commission determined that the recommended monthly stipend it deemed appropriate for the Mayor is five hundred dollars (\$500.00) per month for the his/her entire term beginning January 1, 2021.

NOW, THEREFORE, THE CITIZENS' STIPEND SETTING COMMISSION OF THE CITY OF MERCED, CALIFORNIA, DOES HEREBY RECOMMEND TO THE CITY COUNCIL THE FOLLOWING:

SECTION 1. The monthly stipend the Commission deems appropriate for members of the City Council is four hundred dollars (\$400.00) per month for the two (2) year period beginning January 1, 2021.

SECTION 2. The monthly stipend the Commission deems appropriate for the Mayor is five hundred dollars (\$500.00) per month for the his/her entire term beginning January 1, 2021.

PASSED AND ADOPTED by the City Council of the City of Merced at a regular meeting held on the 22nd day of October 2020, by the following vote:

AYES: 6 Commission Members: CARTER, CONLIN, DOSSETTI,  
LUCERO, STEED, THAO

NOES: 0 Commission Members: NONE

ABSENT: 1 Commission Members: QUIEN

ABSTAIN: 0 Commission Members: NONE

APPROVED:

  
Commission Chair

ATTEST:  
CITY CLERK

BY:   
Assistant/Deputy City Clerk

(SEAL)



APPROVED AS TO FORM:

Priscilla A. Noh      11/3/2020  
City Attorney      Date

**RESOLUTION NO. 2020-\_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF  
THE CITY OF MERCED, CALIFORNIA,  
ADOPTING THE CITIZENS' STIPEND SETTING  
COMMISSION'S RECOMMENDATION TO  
INCREASE THE MONTHLY STIPEND IT DEEMS  
APPROPRIATE FOR THE CITY COUNCIL AND  
THE MAYOR PURSUANT TO SECTION 402 OF  
THE CITY OF MERCED CHARTER**

WHEREAS, on March 3, 2020, Section 402 of the City of Merced Charter was amended by the voters to provide for a monthly stipend for the Mayor and City Council;

WHEREAS, Section 402, as amended, provides for the establishment of a Citizens' Stipend Setting Commission ("Commission") who shall recommend, by majority vote and in writing, the amount of the monthly stipend which it deems appropriate for the members of the City Council and the Mayor;

WHEREAS, due, in part, to the COVID-19 pandemic, the two (2) public hearings of the Commission that were to be held between March 1<sup>st</sup> and June 30<sup>th</sup> were delayed;

WHEREAS, the Commission ultimately held two (2) public hearings, one on September 30, 2020 and the other on October 22, 2020;

WHEREAS, on October 22, 2020, the Commission determined that the recommended monthly stipend it deemed appropriate for members of the City Council is four hundred dollars (\$400.00) per month for the two (2) year period beginning January 1, 2021; and,

WHEREAS, on October 22, 2020, the Commission determined that the recommended monthly stipend it deemed appropriate for the Mayor is five hundred dollars (\$500.00) per month for the his/her entire term beginning January 1, 2021.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MERCED, CALIFORNIA, DOES RESOLVE AS FOLLOWING:

SECTION 1. The monthly stipend for members of the City Council is four hundred dollars (\$400.00) per month for the two (2) year period beginning January 1, 2021.

SECTION 2. The monthly stipend for the Mayor is five hundred dollars (\$500.00) per month for his/her entire term beginning January 1, 2021.

PASSED AND ADOPTED by the City Council of the City of Merced at a regular meeting held on the \_\_\_\_ day of \_\_\_\_\_ 2020, by the following vote:

AYES: Council Members:

NOES: Council Members:

ABSENT: Council Members:

ABSTAIN: Council Members:

APPROVED:

\_\_\_\_\_  
Mayor

ATTEST:  
STEPHANIE R. DIETZ, INTERIM CITY CLERK

BY: \_\_\_\_\_  
Assistant/Deputy City Clerk

(SEAL)

APPROVED AS TO FORM:

Shirley A. Dink 11/12/2020  
City Attorney Date